

LEASE AGREEMENT
BETWEEN
COURTHOUSE SQUARE DEVELOPMENT LLC
AND
MONTGOMERY COUNTY, MARYLAND
DATED: 8/21/01
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LEASE AGREEMENT

THIS AGREEMENT, entered into this 21st day of August 2001, by and between the Courthouse Square Development LLC ("Landlord"), c/o Investment Properties, Inc. ("Agent"), having an address of 807-I Rockville Pike, Rockville, Maryland 20852, (hereinafter referred to as "Landlord") and MONTGOMERY COUNTY, MARYLAND, 101 Monroe Street, Rockville, Maryland 20850, a body corporate and politic and a political subdivision of the State of Maryland (hereinafter referred to as "the County"). (The Landlord and the County together the "Parties")

WITNESSETH:

In consideration of the rent hereinafter reserved, and the covenants hereinafter contained, the Parties hereto mutually agree as follows:

1. LEASED PREMISES: Landlord does hereby lease and demise unto the County and the County hereby leases from the Landlord the Leased Premises described as Suite 250 comprising approximately 5,156 rentable square feet of space on the second floor of the building, located at 11 North Washington Street, Rockville, Maryland 20850, as outlined in red on "Exhibit A" attached hereto and made a part hereof ("Leased Premises").

2. TERM: The term of this Lease shall be seven (7) years, commencing on December 1, 2001.

3. RENT: The County shall pay or cause to be paid to the Landlord the annual and monthly amounts listed (based on \$30.50 per rentable square foot) in the following schedule:

	<u>Annual</u>	<u>Monthly</u>
Year 1	\$ 157,258.00	\$ 13,104.83 <i>1/1/01 - 1/31/01</i>
Year 2	\$ 165,120.96	\$ 13,760.08 <i>2/1/01 - 1/31/02</i>
Year 3	\$ 173,377.01	\$ 14,448.08 <i>2/1/02 - 1/31/03</i>
Year 4	\$ 182,045.88	\$ 15,170.49 <i>2/1/03 - 1/31/04</i>
Year 5	\$ 191,148.24	\$ 15,929.02 <i>2/1/04 - 1/31/05</i>
Year 6	\$ 200,705.64	\$ 16,725.47 <i>2/1/05 - 1/31/06</i>
Year 7	\$ 210,740.88	\$ 17,561.74 <i>2/1/06 - 1/31/07</i>

All payments are to be made in advance of the first day of each month, during each lease year, and shall be payable to Investment Properties, Inc. In the event that the Lease is terminated prior to the end of any full lease, the annual rent shall be prorated accordingly.

4. USE: The County covenants and agrees that said Leased Premises shall be used and occupied by the Montgomery County Government Board of Investment Trustees ("Agency") as general offices, and for no other purposes without Landlord's prior written consent, in Landlord's sole discretion. The County shall have access to the Leased Premises 24 hours a day, seven days a week.

5. TENANT IMPROVEMENTS: Landlord agrees at its cost, to provide County with leasehold improvements as specified in Exhibit "B" attached hereto and made apart hereof. The cost of any leasehold improvements other than Building Standard will be borne by County.

County hereby agrees that Landlord shall construct at County's cost the leasehold improvements other than Building Standard, requested by County, and County hereby further agrees to pay to Landlord such amounts as are determined by Landlord to be due and payable for said work. In no event shall County be permitted to occupy the demised premises unless the final installment for the cost of leasehold improvements being borne by County has been paid. Failure by County to tender payment for the above referenced improvements shall, in no event, delay the commencement date of the Lease.

The lease commencement date, for purposes of determining the date on which basic monthly rent commences, shall be upon substantial completion of Premises and shall not be changed if County

fails to meet the schedule established in Schedule "C" and the occupancy date is later than the date the demised premises would have been completed had County complied with the dates in Exhibit C. (For example, if County is five days late in approving contract documents after presentation, Landlord will be delayed by five days in commencing construction, and the substantial completion date will be delayed by five days. The lease commencement date and basic monthly rental would commence five days prior to substantial completion.)

County acknowledges that the installation and/or completion of County's requirements other than Building Standard may take longer and/or delay the installation and/or completion of certain Building Standard work. Accordingly, County acknowledges its obligation to accept delivery of the demised premises and commence payment of rent upon substantial completion of the Building Standard improvements, even though the demised premises may not have been completed as a result of delays occasioned by the installation or completion of County's improvements other than Building Standard. Any additional items provided by the Landlord, not specifically identified as standard in Schedule B, will be considered non-standard and accordingly will be maintained at County's expense upon the expiration of any manufacturer's warranty period.

6. REAL ESTATE TAXES:

- A. Commencing with the first Calendar Year following the Base Year and every Calendar Year thereafter, the Landlord shall forward to the County a statement and copies of paid tax receipts setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the land and improvements of which the Leased Premises are a part. The County shall pay to the Landlord as additional rent, upon receipt of the Landlord's statement and receipts, but in no event more than 30 days after receipt of Landlord's statement and receipts, any increase in the said Real Estate Taxes over the Real Estate Taxes assessed against the land and improvements of which the Leased Premises are a part during the "Base Year." The Base Year is hereby defined to be the period from July 1, 2001 through June 30, 2002. The Landlord's statement shall contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required. Base Yr
- 2001
= 27,402
- B. The term "Real Estate Taxes" shall be deemed to mean all property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the land, building and improvements of which the Leased Premises are a part. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land; buildings and improvements by an appropriate taxing authority, the new tax or levy shall be included within the term "Real Estate Taxes."
- C. County shall pay to Landlord said increased taxes as additional rent for County proportionate share of the building, which share is hereby determined to be 5.23% within thirty (30) days after receipt of Landlord's statement. The County's proportionate share is computed as follows:

$$\frac{5,156 \text{ square feet leased}}{98,533 \text{ square feet in building}} = 5.23\%$$

7. PROPERTY DAMAGE AND LIABILITY INSURANCE:

- A. County shall have the right to self-insure. The County is a member of the Montgomery County Self-Insurance Program; Article 20-37 of Montgomery County Code restricts legal defense fund to members of the Fund and does not allow for outside entities. The Certificate of Insurance evidences limits of insurability for general liability coverage in the amount of \$500,000 aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$10,000 for property damage for automobile liability and State of Maryland statutory limits for Worker's compensation. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act, 1986. This insurance policy must be maintained continuously by the County during the full term of this contract and during any extension of the contract term.

County shall deliver to Landlord a certificate of insurance evidencing the coverage above described within fifteen (15) days after the execution of this Lease Agreement.

- B. County agrees that it will not keep in or upon the Leased Premises any article, which may be prohibited by the standard form of fire or hazard insurance policy. In the event County's articles causes any increase in the insurance premiums for the Leased Premises or any part thereof, County shall pay the additional premiums as they become due. County has the right to review the Landlord's policy(ies) premium and rates.
- C. County agrees to hold harmless and hereby indemnifies Landlord from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence, or occasioned wholly or in part by any act or omission of County or its employees at or upon the Leased Premises, building or land or the occupancy or use by County, of the Leased Premises or any part thereof, or the County's use of the exterior areas designated by Landlord for the comfort and convenience of County. This indemnification is subject to the liability and damage caps stated in the Local Government Tort Claims Act in the Maryland Annotated Code as amended from time to time. This indemnification shall not be considered to be a waiver of governmental immunity and is not intended to create any rights or causes of action in third Parties. County shall not, however, be liable for damage or injury occasioned by the negligence of Landlord or its agents, or Landlord's failure to comply with its obligations hereunder.
- D. Landlord agrees to hold County harmless and indemnified against claims and liability for injuries to all persons and for damage to or loss of property occurring in or about the Leased Premises or the Building, due to Landlord's gross negligence or default under this Lease by Landlord or its agents.
- E. County and Landlord hereby waive any right of subrogation against the other to the extent that the liability arises from a cause covered by insurance as described herein.

8. ACCESS: County will allow Landlord or Landlord's agents to have access to the Leased Premises upon reasonable notice, except in the event of emergency to County and at all reasonable times for the purpose of inspection or in the event of fire or other property damage, or for the purpose of performing any maintenance and repairs Landlord may consider necessary or desirable; or for the Landlord to show the Leased Premises to prospective Tenants during the 12 months preceding expiration of the Lease term and to prospective purchasers and mortgagees at all reasonable times upon reasonable notice to County; provided, however, Landlord shall not interfere with County's use of the Leased Premises. Landlord shall provide controlled access to the front and rear entrances to the building and at least one elevator after normal full service building hours.

9. SERVICES: Landlord, at Landlord's sole expense, shall provide all utilities, maintenance and repairs, trash removal and pest control within the Leased Premises, Landlord, at Landlord's sole expense, shall provide janitorial services within the Leased Premises, Monday through Friday, in accordance with the schedule attached hereto and made a part hereof as Exhibit "D".

- A. Maintenance and Repairs – Routine: In the event Landlord fails to correct routine maintenance and repair problems in the Leased Premises within 10 days after written notification of same by the County, County shall have the right but not the obligation to correct these problems, and be reimbursed the reasonable actual third party cost thereof by Landlord.

If Landlord, at any time during the Lease Term, shall default in any material respect in the performance or observance of any obligation on Landlord's part to be performed or observed pursuant to Articles 9 and 10 of the Lease, and shall not cure such default within thirty (30) days after receipt of written notice thereof from County (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), then, provided County is not then in default under the Lease, beyond applicable notice and grace periods, County may, at its option, but is under no obligation to so act, cure such default, and Landlord agrees to reimburse County the amounts reasonably incurred by County in so doing within a reasonable period of time agreed to by both County and Landlord; provided that County shall not undertake maintenance, repairs and/or replacements to any structural element of the Building or the roof thereof or to any Building service equipment or system which serves or may affect any space in the Building other than the Leased Premises. Notwithstanding the foregoing, in no event shall County be entitled to set-off or deduct any amounts incurred by County hereunder against the Annual Base Rent due under the Lease. A default of performance or observation of any obligation under Paragraph 9 and 10 of the Lease if not cured as provided above can, at the option of County and after notice is given, be considered a default of the Lease and County shall have those rights prescribed under Paragraph 17 below.

10. HVAC: Landlord agrees to provide heating, ventilation and air-conditioning during those seasons of the year when such services are required from 8:00 AM until 6:00 PM, Monday through Friday, and from 9:00 AM to 1:00 PM on Saturday, exclusive of legal County holidays, in amount and quantities sufficient to maintain in a balanced, comfortable manner the Leased Premises. Landlord will provide heating and air conditioning after the above stated hours, or on Sunday, provided that the County notifies Landlord, in writing, 24 hours in advance of such requirement for additional heating or air conditioning. The County shall pay an hourly charge for such additional HVAC services to reflect actual cost of utilities and other costs of operating HVAC equipment, including additional "wear and tear" on equipment, which cost is currently \$40.00 per hour, within thirty (30) days after receipt of invoice from Landlord. The County shall pay its equal share of the charge based on the number of users in the building during each period. Landlord shall provide the County with written documentation of number of users and hours used by each. The air conditioning shall be so balanced as to provide a temperature range between 74 and 78 degrees. The heating shall be so balanced as to provide a temperature range between 68 and 72 degrees. If required by any governing authority, Landlord shall have the right to change these temperature guidelines.

11. ALTERATIONS, ADDITIONS AND IMPROVEMENTS:

- A. County will not make any alterations, additions, or improvements of any kind to the Leased Premises without the Landlord's written consent, which consent shall not be unreasonably conditioned or withheld. County will not make any alterations, additions, or improvements of any kind to the Leased Premises, which effect the structural systems of the building,

including but not limited to roof, glazing, curtain walls, electrical, mechanical, plumbing and fire & life safety systems, without the Landlord's written consent, which consent may be withheld in Landlord's sole discretion. County shall provide Landlord with plans and specifications of said work. County agrees to reimburse Landlord for all costs incurred by Landlord in reviewing County's proposed changes or additions and improvements and provided further that, in order to protect the functional integrity of the Building, Landlord shall have the right to approve County's contractor, such approval shall not be unreasonably conditioned or withheld. Upon receipt of Landlord's written approval of the County's plans and specifications, County may proceed to perform the work at County's expense, or at County's option, County may request that Landlord perform said work at County's expense at a mutually satisfactory price. County shall pay for any work performed by Landlord on County's behalf after inspection by County.

- B. All alterations, additions, or improvements made by either of the Parties upon the Leased Premises shall become the property of the Landlord and shall remain upon and be surrendered with the Leased Premises upon the termination of this Lease unless Landlord requires County to remove such property at the time Landlord approves installation of such improvements. County shall, with Landlord's written consent, which shall not be unreasonably withheld, have the right to install any furniture or office machinery (not affixed to the Building) necessary in the conduct of its business within the Leased Premises, and the same shall remain the property of the County, and shall be removed by County upon the termination of this Lease. County shall repair any damage caused by the removal of such furniture and office machinery.
- C. Landlord shall have the right to deny approval of any construction, alterations or additions requiring unusual expense to readapt the Leased Premises to normal office use upon Lease termination or increase the cost of construction, insurance or taxes on the Building or of Landlord's services called for by this Lease unless County first gives assurances acceptable to Landlord that such readaptation will be made prior to Lease termination without expense to Landlord and makes provisions acceptable to Landlord for payment of such increased cost. All changes and additions shall be part of the Building except such items as Landlord shall require are removed by County upon termination of this Lease.

12. NOTICE OF DEFECTS: County shall provide Landlord with prompt notice of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises, or notice of need for repairs in the roof, plumbing, electric and heating systems, to be remedied by Landlord and County in accordance with the terms of this Lease, as the case may be.

13. ASSIGNMENT AND SUBLEASING: County shall not have the right to transfer possession or occupancy of the Leased Premises, nor sublet or assign this Lease to any person or persons without the prior written consent of the Landlord. Landlord's consent shall not be unreasonably or unduly withheld. It shall not be unreasonable for Landlord to deny consent for the following reasons: (a) Subtenant or assignee does not have sufficient financial worth considering the responsibility involved; (b) Subtenant or assignee is an organization or person enjoying diplomatic or sovereign immunity; (c) Subtenant or assignee is of a substantially lower business character than other tenants then leasing comparable space in the building; (d) the use is different than the use described in Section Four (4); or (e) Subtenant or assignee is of such a business character so as to render it probable that its presence in the building likely could adversely affect the Building's reputation or the use and occupancy of the building by any of its Tenant's or could, in Landlord's prudent business judgement, adversely affect any other Tenant's right to peaceably enjoy their premises or otherwise cause a breach of any other Tenant's covenant of quiet enjoyment. County agrees not to market or advertise the Leased Premises for sublet or this Lease for assignment without the prior written consent of

Landlord as to all advertising, marketing and promotional materials. In the event that any assignee or subtenant pays to County any amounts in excess of the Annual Base Rent and additional rent then payable hereunder, or pro rata portion thereof on a square footage basis for any portion of the Leased Premises, County shall promptly pay 50% of such excess to Landlord as and when received by County. If County requests Landlord's consent to assign this Lease or sublet more than 50% of the Leased Premises, Landlord shall have the option, exercisable by written notice to County given within 10 days after receipt of such request, to terminate this Lease as of a date specified in such notice which shall be not less than 30 or more than 60 days after the date of such notice. Any such assignment or subleasing shall not relieve County from obtaining the consent in writing of Landlord to any further assignment or subleasing.

14. COUNTY'S COVENANTS: County covenants and agrees:

- A. To pay the rent as provided in the lease to Landlord and until the Lease expiration date or until possession is redelivered to Landlord, if this occurs after the Lease expiration date.
- B. Not to strip or overload, damage or deface the Leased Premises or hallways, stairways, elevators or other approaches thereto.
- C. Not to suffer or permit any trade or occupation to be carried on or use made of the Leased Premises which shall be unlawful, noisy, offensive or injurious to any person or property, or such as to increase the danger of fire or make void or voidable any insurance on said Building, in Landlord's concern to maintain the first-class business (non-medical, non-lab) nature of the Building.
- D. Not to move any furniture or equipment into or out of the Leased Premises without Landlord's consent thereto, which consent shall not be unreasonably withheld.
- E. Not to place upon the interior or exterior of the Building or any window or other part thereof or door of the Leased Premises any placard, sign, covering or drapes, except such and in such place as shall have been first approved by Landlord, which approval shall not be unreasonably withheld. To remove, at County's expense, any changes, additions, signs, curtains, blinds, shades, awnings, aerials, flag poles, or the like not consented to in writing.
- F. To conform to all rules and regulations from time to time established by appropriate insurance rating organizations, and to all reasonable rules and regulations from time to time established by Landlord.
- G. To keep the Leased Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any use made by County and to procure all licenses and permits so required because of such use and, if requested by Landlord, to do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way County's Permitted Uses.
- H. To keep all of County's employees working in the Leased Premises covered by worker's compensation insurance in statutory amounts and to furnish Landlord with a current certificate thereof. County reserves the right to self-insure.

15. DESTRUCTION OF LEASED PREMISES: In the event of damage or destruction of the Leased Premises by fire or any other casualty, this Lease shall not be terminated, but the Leased Premises shall be promptly and fully repaired and restored as the case may be by the Landlord to the extent of Landlord's insurance proceeds provided such repair and or restoration returns the Leased Premises to substantially the condition

prior to such damage or destruction. Due allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, national emergencies and other conditions beyond the control of the Landlord. It is agreed that in the event of damage or destruction, this Lease shall continue in full force and effect, except for abatement of rent as provided herein. If the condition is such as to make the entire Leased Premises "Untenantable", then the rental which the County is obligated to pay hereunder shall abate as of the date of the occurrence until the Leased Premises have been fully restored by the Landlord. Any unpaid or prepaid rent for the month in which said condition occurs shall be prorated and credited or paid to the appropriate party. If the Leased Premises are partially damaged or destroyed, then during the period that County is deprived of the use of the damaged portion of said Leased Premises, County shall be required to pay rental prorated to reflect that portion of the Leased Premises which continues to be "Tenantable" and appropriate for County's use. Landlord will proceed at its expense and as expeditiously as may be practicable to repair the damage. Notwithstanding any of the foregoing, in the event of substantial damage or destruction, and Landlord should decide not to repair or restore the Leased Premises or the building, in which event and at Landlord's sole option, Landlord may terminate this Lease forthwith, by giving County a written notice of its intention to terminate within sixty (60) days after the date of the casualty. No compensation, or claim, or diminution of rent other than as described above will be allowed or paid, by Landlord, by reason of inconvenience, annoyance, or injury to business, arising from the necessity of repairing the Leased Premises or any portion of the Building of which they are a part.

16. DELIVERY OF THE LEASED PREMISES: County covenants at the expiration or other termination of this Lease, to remove all goods and effects from the Leased Premises not the property of Landlord, and to yield to Landlord the Leased Premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to County), in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk for which County is not herein expressly made liable excepted.

17. DEFAULT:

- A. By County: In the event that rent, or any installment thereof, shall remain unpaid after it becomes due and payable, for ten (10) days after written notice to the County for same, or if County or County's assigns shall fail or neglect to keep and perform each and every one of the terms of this Lease, and such failure or neglect continues for more than thirty (30) days (or such period as may reasonably be required to correct the default with exercise of due diligence,) after written notice to County from the Landlord specifying the default, then at the option of the Landlord, the Landlord and his assigns may proceed to recover possession under the laws of the State of Maryland. Landlord may also pursue any rights and remedies available for such default under the laws of the State of Maryland.
- B. By Landlord: In the event that the Landlord or his assigns shall fail or neglect to keep and perform each and every one of the covenants, conditions, and agreements contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as either otherwise provided herein on as may reasonably be required to correct the default with exercise of due diligence) after written notice from the County or his assigns specifying the default, then the County or his assigns, at County's option, may pursue any and all legal remedies available. It is understood, however, that Landlord shall be entitled to notice, hearing and opportunity to cure or contest any claimed violations of the foregoing as to the full extent provided by federal, state or local law. In no event shall Landlord be liable for any indirect or consequential damages.

- C. No default as hereinbefore provided shall be deemed complete unless at the time Landlord or County seeks to take any action based upon such alleged default the same shall remain uncured by the defaulting party.

18. HOLDOVER: If County continues occupying the Premises after the Term ends ("Holdover") then:

- (i) If the Holdover is with Landlord's consent, it shall be a month-to-month tenancy, terminable on 30 days' prior notice by either party; or
- (ii) If the Holdover is without Landlord's consent, then County shall be a Tenant-at-sufferance and County shall pay by the first day of each month one and one-half (1.5) the amount of Rent due in the last full month immediately proceeding the Holdover period and shall be liable for any foreseeable damages suffered by Landlord because of County's Holdover; if, following the commencement of a holdover, Landlord notifies County to vacate and surrender the Premises and County fails to do so within 30 days thereafter, time being of the essence in respect thereto, then, in addition to the foregoing, County shall thereafter be liable for any unforeseeable damages suffered by Landlord because of County's continued Holdover. In all events, Landlord shall retain its remedies against County if it holds over without consent.

19. RECYCLING REGULATIONS: County shall conform to all recycling regulations instituted from time to time by any governmental authority having control over the building.

20. AUTHORITY OF PARTIES: Each party warrants that it is authorized to enter into this Lease, that the person signing on its behalf is duly authorized to execute this Lease and that no other signatures are necessary.

21. CAPTIONS, PRONOUNS, ETC.: The captions, section numbers, paragraph numbers and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or paragraphs of this Lease nor in any way affect this Lease. The use of the neuter singular pronoun to refer to Landlord and County shall be deemed a proper reference even though Landlord or County may be an individual, a partnership, a corporation or a group of two or more individuals or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or County, and to either corporations, associations, partnerships, or individuals, males or females, shall, in all instances, be assumed as though in each case fully expressed.

22. TIME: Landlord and County acknowledge that time is of the essence in the performance of any and all obligations terms and provisions of this Lease.

23. WAIVER OF JURY TRIAL: Landlord and County waive all rights to a trial by jury in any action, counterclaim, proceeding based upon, or related to, and the subject matter of this Lease. This waiver applies to all claims against all Parties to such actions and proceedings, including Parties who are not Parties to this Lease. This waiver is knowingly, intentionally and voluntarily made by County, and Tenant acknowledges that neither Landlord, nor any person acting on behalf of Landlord, has made any representations of fact to induce this waiver of trial by jury or in any way to modify or nullify its effect. County further acknowledges that it has been represented (or has had the opportunity to be represented) in the signing of this Lease and in the making of this waiver by independent legal counsel, selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel. The County further acknowledges that it has read and understands the meaning and ramifications of this waiver provision and as evidence of this fact signs its name.

24. RULES AND REGULATIONS: County, its employees and invitees, shall comply with:

- (i) The building rules and regulations attached hereto as Exhibit E; and
- (ii) Reasonable modifications and additions to the rules and regulations adopted by Landlord that:
 - (1) County is given 30 days' advance notice of;
 - (2) Are for the safety, care, order or cleanliness of the Building's Common Areas;
 - (3) Do not unreasonably and materially interfere with County's conduct of its business or County's use and enjoyment of the Premises; and
 - (4) Do not require payment of additional monies.

25. QUIET POSSESSION: Contingent on the performance of all covenants, conditions and agreements herein contained to be performed on County's part, County shall at all times during the term of this lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes herein cited.

26. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the Parties that the Landlord and County, as their interests may appear and at their respective expense, will promptly comply with, observe and perform all of the requirements of all applicable Federal, State, County and Local statutes, ordinances, rules, orders and regulations in effect during the Lease Term.

27. WAIVER: The waiver at any time by the Landlord or County of any particular covenant or condition of this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of any character whatsoever.

28. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Landlord assures the County that in accordance with applicable law, it does not, and agrees that it will not discriminate in any manner on the basis of race, color, religious creed, sex, martial status, national origin, ancestry, disability or sexual orientation.

29. NON-APPROPRIATION: The annual rent to be paid hereunder by Tenant is subject to annual appropriation by the Montgomery County Council. Tenant agrees that it shall cause the County Executive of Montgomery County, Maryland to request, on an annual basis, each such appropriation. In the event that the Montgomery County Council fails to make an appropriation of funds to pay the annual rent herein stated, this Lease shall automatically terminate as of the date that the currently appropriated funds have expired. In the event of such a termination neither the Tenant nor the Landlord shall make or be entitled to any claim for reimbursement of any kind, either for improvements or prepaid items. Tenant agrees that the County Council cannot fail to appropriate funds for the purpose of relocating Tenant to another facility. Further, it is understood and agreed that the Agency, described in Section 4 of this Lease, shall be the occupant of the Leased Premises.

30. CONTRACT SOLICITATION: Except for Scheer Partners, Inc., the Parties represent that it has not retained anyone to solicit or secure this Lease for Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, and brokerage or contingent fee.

31. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and Section 11B-52 of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

32. CONDEMNATION: In the event that the Leased Premises, or any part thereof, or more than twenty-five percent (25%) of the building of which the Leased Premises are a part is taken or condemned for public use or purpose by any competent authority, County shall have no claim against the Landlord and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation; and all rights of the County to damages therefore, if any, are hereby assigned by the County to the Landlord. Upon such condemnation or taking, the term of this Lease shall cease and terminate from the date of such governmental taking or condemnation and the County shall have no claim against the Landlord for the value of any unexpired term of this Lease. The foregoing notwithstanding, County shall be entitled to claim, prove and receive in the condemnation proceedings such awards as may be allowed for relocation expenses and for fixtures and other equipment installed by County which shall not, under the terms of this Lease, be or become the property of Landlord at the termination hereof, but only if such an award is made by condemning authorities in addition to and stated separately from the award made for the land and the building or parts thereof so taken.

33. GENERAL PROVISIONS:

- A. Entire Agreement: It is further understood and agreed that this instrument contains the entire agreement between the Parties hereto and shall not be modified in any manner except by an instrument in writing duly executed by the Parties hereto.
- B. Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default.
- C. Governing Law: The laws of the State of Maryland shall govern the provision of this Lease. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

34. SUBORDINATION: Landlord shall have the absolute right to encumber the Leased Premises set forth in this Lease and the Lease, at the option of Landlord, shall be subordinate to such encumbrance or encumbrances. County agrees to sign acceptable and appropriate papers for subordination within ten (10) business days after Landlord's written request, provided such subordination shall be upon the express condition that the Lease shall be recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the initial Lease term or any extension thereof. In the event of a sale or transfer of the title to the aforesaid land and Leased Premises, any transferee shall be entitled to have this Lease subordinated to the lien and effect of any first deed of trust or mortgage to secure purchase money. County agrees to execute any subordination documents required by Purchaser, subject only to the reservations recited in this paragraph.

35. BENEFIT AND BURDEN: The provisions of this lease shall be binding upon, and shall inure to the benefit of the Parties hereto and each of their respective representative, successors and assigns.

36. MAIL NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given certified or registered mail, postage prepaid, or sent by facsimile addressed to Landlord or County respectively. Notice to the respective Parties shall be addressed as follows:

LANDLORD:

Investment Properties, Inc.
807-I Rockville Pike
Rockville, Maryland 20852

Tel: # 301-424-4727
Fax: # 301-279-7944

COUNTY:

Montgomery County, Maryland
Leasing Management
Division of Facilities and Services
101 Orchard Ridge Drive, 2nd floor
Gaithersburg, Maryland 20878
Tel #: 240-777-6080; Fax: 241-777-6047

With a copy to:

Office of the County Attorney for
Montgomery County, Maryland
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850

37. **PARKING:** Landlord shall provide parking in the underground building garage for the use of the County. Landlord shall provide 2.8 spaces per 1000 square feet of office space of parking for the County throughout the term of the Lease. Based on the current square footage the County is entitled to use fourteen (14) parking spaces. The monthly prevailing rental rate is \$65.00 per space month. Any rate increase is subject to thirty- (30) day's prior written notice to the County. The County agrees to abide by reasonable parking procedures, which landlord may from time to time establish. Landlord shall be responsible for the care and maintenance of the parking facility. Landlord shall provide, at Landlord's expense, proper lighting, periodic cleaning and repair of the parking garage as necessary.

38. **CONTINGENCY:** The submission of this Lease for examination does not constitute a reservation of or option for the Premises and this Lease shall become effective as a Lease only upon execution and delivery thereof by Landlord and County.

ACCEPTANCE PAGE FOLLOWS:

IN WITNESS WHEREOF, the Parties hereto have caused this LEASE to be properly executed.

WITNESS:

By: John C. Waite

LANDLORD:

COURTHOUSE SQUARE
DEVELOPMENT, LLC

By: John

Title: Member

Date: 8/21/01

WITNESS:

By: Rebecca S. Domaruk

COUNTY:

MONTGOMERY COUNTY,
MARYLAND

By: William Mooney

WILLIAM MOONEY, ASSISTANT
CHIEF ADMINISTRATIVE
OFFICER

Date: 8/21/01

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: Eileen J. Basanen

Date: 8/17/2001

RECOMMENDED:

By: Ronald Smith
J. RONALD SMITH, CHIEF
FACILITIES AND SERVICES
SECTION

Date: 8/21/01

EXHIBIT "A"

LEASED PREMISES

DARRY DUNN & ASSOCIATES PC

ARCHITECTURE
INTERIOR DESIGN
PLANNING

1199 N. Fairfax St.
Suite 110
Alexandria, Va 22314

TEL: (703) 683 4040
FAX: (703) 683 6544
E: ddunnassoc@aol.com

Date 23 July 01	11 NORTH WASHINGTON STREET ROCKVILLE, MARYLAND FLOOR LAYOUT	REV #
Revision		
Scale nts		SHEET #
Sheet of		A2-05

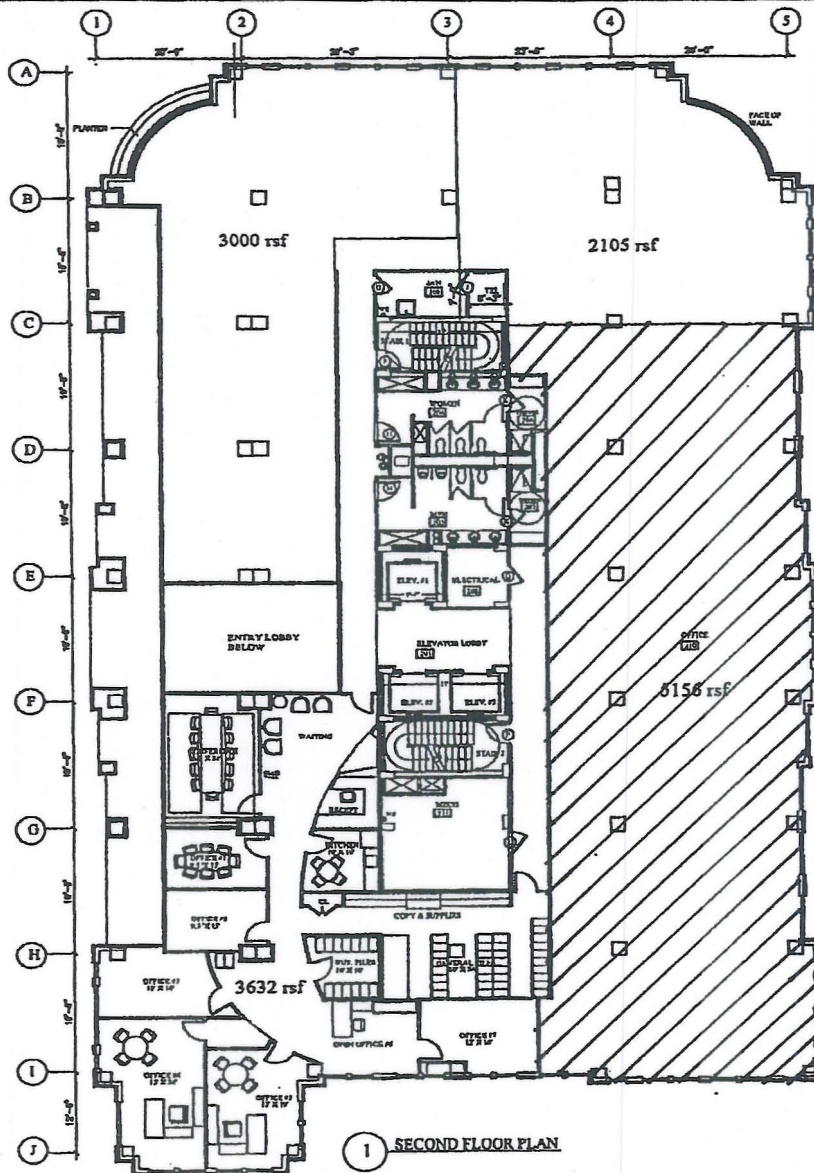


EXHIBIT "B"
BUILDING STANDARD WORK LETTER

The County shall be allowed unlimited quantities of the following materials:

Partitioning:

Partitions will be constructed of metal studs with 1/2" gypsum wallboard with no visible joints. Corridor partitions and partitions between adjoining County's walls will be slab to slab and sound insulated. Interior partitions will be constructed to finished ceiling.

Painting:

County space is to be painted with latex flat finish color to be selected by County from Building Standard colors.

Floor Covering:

Building Standard carpet with 2-1/2" vinyl base; color to be selected by County from Building Standard colors. Building Standard carpet will be 30 ounce cut pile carpet, or level loop as selected by County.

Suite Entry Door:

8' 0" x 3' 0" solid core stain grade , with lever handle passage set and hardware.

Interior Doors:

8' 0" x 3' 0" solid , paint grade doors with standard duty passage sets and hardware.

Door Bucks:

All door bucks to be of hollow metal.

Ceiling:

2' x 2', regular mineral-fissured acoustical tile on suspended grid.

Lighting:

Building Standard, 2' x 4' four tube flush mounted florescent ceiling fixtures, with acrylic lay-in lenses.

Light Switches:

One light switch per private office or work area mounted in the drywall partition only.

Telephone and Electrical Outlets:

120-volt duplex electrical wall mounted outlets and wall telephone outlets mounted in the partitions.

Window Covering:

Building Standard 1" Venetian blinds of all windows so as to provide a uniform appearance from the building exterior. Changes from Building Standard blinds will not be permitted.

Suite Lettering:

Landlord shall provide Building Standard suite identification.

Exit Lights:

Exit Lights in public corridors and Landlord shall provide required exit lights in County's space.

Sprinklers:

Landlord will provide sprinkler heads in all County areas in sufficient numbers to meet all applicable governmental codes.

Plans and Specifications:

Landlord shall furnish County with all necessary architectural, electrical, and mechanical drawings for the Building Standard items within County's space. Special details are not included, and any architectural and engineering costs not due to Building Standard items shall be borne by County.

Any additional items provided by the Landlord, not specifically identified in this schedule B, will be considered non-standard and accordingly will be maintained at County's expense upon the expiration of any manufacturer's warranty period.

EXHIBIT C

CONSTRUCTION SCHEDULE

1. County will provide Landlord's architect with all information necessary to prepare County's space plan and construction documents within three (3) business days of lease execution.
2. Within five (5) business days, Landlord shall supply to County a space plan responsive to the information received from the County.
3. Within two (2) business days, the County must approve or comment on said space plan.
4. Within two (2) business days Landlord shall submit final space plan responsive to County's comments, if any, for County's approval within two (2) business days.
5. Landlord will prepare and submit construction drawings for County's approval within fourteen (14) business days. During the first seven (7) days of the aforementioned fourteen (14) business days, County shall provide Landlord with its choices of building standard finishes and all outlet locations.
6. County shall approve construction drawings within two (2) business days.

EXHIBIT D

SERVICE AGREEMENT

The following is a service agreement for janitorial service to be performed at 11 North Washington Street, Rockville, Maryland. The services are for five (5) days weekly, Monday through Friday. Exceptions to these specifications: New Years Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day.

I. DAILY

A. General Office Cleaning

1. Vacuum carpeting general offices.
2. Vacuum carpeting executive offices.
3. Empty ashtrays and damp wipe.
4. Spot dust desks, chairs and counters.
5. Dust mop tiled floors.
6. Spot damp mop tiled floors.
7. Clean and sanitize drinking fountain.
8. Vacuum public hallway carpeting.
9. Spot clean public hallway walls.
10. Dust mop public hallways
11. Lock office doors.
12. Turn out office lights.
13. Spot clean office doors.

B. Utility Cleaning

1. Remove trash to main receptacle.
2. Sweep trash area.
3. Clean janitors' closets.
4. Clean janitors' storage area.
5. Clean lobby glass door
6. Clean elevator walls and ceiling.
7. Vacuum elevator carpeting.
8. Vacuum walk off mats.

C. Rest Room Cleaning

1. Clean all mirrors and brightwork
2. Clean and sanitize all sinks and toilets
3. Empty sanitary napkins receptacles.
4. Empty towel receptacles.
5. Fill sanitary napkin receptacles.
6. Fill towel dispensers.
7. Sanitize and damp mop floor.
8. Sanitize and spot clean walls to a height of six feet.
9. Spot clean rest room partitions.
10. Clean light fixtures.
11. Spot clean kickplates and baseboards.
12. Spot clean rest room doors
13. Clean thresholds.
14. Clean doorframes and jambs.
15. Stock toilet tissue.
16. Fill hand soap dispensers.
17. Stock toilet seat covers.

II. TWICE WEEKLY

A. General Office Cleaning

1. Spot clean walls to a height of six feet.
2. Spot clean around electrical outlets
3. Spot clean around switch plates.
4. Dust file cabinets.
5. Dust miscellaneous furniture.

C. Utility Cleaning

1. Sweep stairwells.

III. WEEKLY

A. General Office Cleaning

1. Dust telephones
2. Wash all interior glass partitions

B. Utility Cleaning

1. Vacuum and clean elevator tracks.
2. Clean air vents
3. Mop stairwells.
4. Clean stairwell railings and ledges.

C. Floor and Carpet Maintenance

1. Mop tiled offices.
2. Buff tiled offices
3. Spot clean office carpeting.
4. Spot clean hallway carpeting.

IV. TWICE MONTHLY

A. General Office Cleaning

1. Damp wipe and disinfect telephones.

B. Utility Cleaning

1. Cleaning stairwell doors.
2. Clean stairwells door jambs

V. MONTHLY

A. General Office Cleaning

1. Vacuum miscellaneous furniture.
2. Clean fire extinguishers.

B. Utility Cleaning

1. Spot clean stairwell walls

VI. QUARTERLY

A. General Office Cleaning

1. Dust venetian blinds.

B. Utility Cleaning

1. Clean air vents.

C. Floor and Carpet Maintenance

1. Scrub and re-wax tiled offices.
2. Scrub and re-wax tiled hallways.
3. Scrub and re-wax lobby.

VII. SEMI-ANNUAL

A. Utility Cleaning

1. Polish entrance way doors.
2. Clean exterior of light fixtures.

EXHIBIT E
RULES AND REGULATIONS

The Tenant covenants that the following Rules and Regulations, and such other and further Rules and Regulations as Landlords may make and which in Landlord's reasonable judgment are necessary for the management, general well being, safety, care and cleanliness of the Leased Premises and the building of which they are a part together with their appurtenances, and for the delivery of goods, merchandise and other things by tradespeople and other persons, shall be faithfully kept, observed and performed by Tenant and by Tenant's agents, servants, employees and guests unless waived in writing by Landlord and that any breach of said Rules and Regulations shall constitute a default under Article 24 hereof.

- (a) The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the building shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Leased Premises.
- (b) There shall be no marking, painting, drilling into or in anyway defacing any part of Leased Premises or the building of which they form a part. No boring, cutting, or stringing of wires shall be permitted except with the prior written consent of the Landlord and as the Landlord may direct. The Tenant shall not construct, maintain, use or operate within said Leased Premises or elsewhere in the building or which the Leased Premises form a part, or on the outside of the building, any electrical device, wiring, or apparatus in connection with a loud speaker system or other sound system, unless the Tenant shall have first obtained the prior written consent of the Landlord. Nothing contained herein shall be deemed to prohibit Tenant from displaying customary wall hangings in the Leased Premises.
- (c) No sign, decoration, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Tenant on any part of the outside or inside of the Leased Premises or the building of which they are a part, without the prior written consent of the Landlord. In the event of violation of the foregoing by any Tenant, Landlord may remove it without any liability, and may charge the expense, incurred by such removal to the Tenant or Tenant's violating this rule.
- (d) The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant who, or whose servants, employees, agents, visitors or licensees shall have caused the same.
- (e) No bicycles, vehicles or animals of any kind shall be brought into or kept in or in or about the Leased Premises or the building of which they form a part, and no cooking shall be done or permitted by any Tenant on said Leased Premises unless the Tenant's lease provided for the operation of cooking apparatus. No Tenant shall cause or permit any unusual or objectionable odor to be produced upon for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind.
- (f) Landlord shall have the right, after 30 days written notice to Tenant, to change the name, number, or designation of the Building, without liability to any Tenant.
- (g) No Tenant, nor any Tenant's servants, employees, agents, visitors or licensees, shall at any time bring or keep upon the Leased Premises any inflammable, combustible or explosive fluid, chemical or substance.
- (h) No additional locks or bolts of any kind shall be placed upon any of the doors, or windows by any Tenant, nor shall any changes be made in existing locks or the mechanism thereof without the prior written consent of Landlord. Landlord reserves the right to install any locks or bolts it approves for installation and to make any changes it has approved to existing locks. The cost of additional locks and bolts requested by Tenant and the cost of their installation as well as the cost of making changes to existing locks shall be borne solely by Tenant. Tenant, at its expense, shall provide Landlord with one (1) key for each additional lock or bolt installed and, if necessary, for any existing locks that have had changes made to them. The doors leading to the corridors or main halls shall be kept closed during business hours except as they may be used for ingress or egress. Each Tenant must, upon the termination of his tenancy, restore the Landlord all keys to stores, offices and toilet rooms either furnished to, or otherwise procured by, such Tenant, and in the event of the loss of any such keys, such Tenant shall pay to the Landlord the cost for both lock changes and key replacement.
- (i) All removals, or the carrying in or out of any safes, freight, furniture or bulky matter or any description must take place during the hours which the Landlord or its Agent may determine from time to time. The Landlord reserves the right to approve and prescribe the weight and position of all safes and other heavy furnishings or equipment, which must be placed upon such base as will be adequate to properly distribute the weight. The moving of safes, heavy furnishing or equipment, or other fixtures or

bulky matter of any kind must be made upon previous notice to the Superintendent of the Building and under his supervision, and the persons employed by any Tenant for such work must be acceptable to the Landlord. The Landlord reserves the right to inspect all freight to be brought into to building and these Rules and Regulations or the Lease of which these Rules and Regulations or the Lease of which these Rules and Regulations are a part.

- (j) All monthly contract parking will be on the lower deck accessed by the East Middle Lane entrance, except after-hours. The Courthouse Square entrance will be the designated after hours entrance for all building visitors and Tenants. The first level of parking accessed by the Courthouse Square entrance will be reserved for visitors, guests and daily parking only.
- (k) Each Tenant, before closing and leaving the Leased Premises at any time, shall see that all doors and windows are closed and that all utilities are turned off.
- (l) The Leased Premises shall not be used for lodging, or any illegal purpose.
- (m) Canvassing, soliciting and peddling in the building is prohibited and each Tenant shall cooperate to prevent the same.
- (n) All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Leased Premised in approved settings to absorb or prevent any vibration, noise or annoyance.
- (o) No water cooler, plumbing or electrical fixtures, HVAC or heat supplement units shall be installed by any Tenant without written consent of the Landlord.
- (p) There shall not be used in any space, or in the public halls of the building, either by any Tenant or by the jobbers of others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.
- (q) Access plates, if any, to underfloor conduits must be left exposed. Where carpet is installed, carpet must be cut around access plates.
- (r) Mats, trash or other objects are not permitted in the public corridors.
- (s) Tenant must also comply with any subsequent rules that may be promulgated or issued by Landlord for the general benefit of all Tenants as a whole in said building with said rules to become a part of the Lease as if originally included herein.
- (t) Violation of these rules, or any amendments thereto, shall at the option of Landlord be sufficient cause for termination of this Lease.